

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF INTERCOAST OIL AND GAS COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11712

APPLICATION

INTERCOAST OIL AND GAS COMPANY ("InterCoast"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 33, Township 17 South, Range 29 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SE/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the N/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, and the NW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. InterCoast owns and controls approximately 50.00% of the working interest in the S/2 of Section 33 on which it proposes to drill its Bear Grass Draw No. 33-1 Well to the Morrow formation, at an orthodox location 1980 feet from the South line and 1650 feet

from the East line of Section 33 to a depth sufficient to test all formations from the surface to the base of the Morrow formation.

2. InterCoast has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 33.

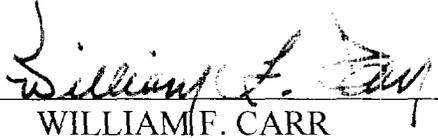
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the InterCoast to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well.

WHEREFORE, InterCoast Oil and Gas Company prays that this application be set for hearing before an Examiner of the Oil Conservation Division on January 23, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating InterCoast operator of the S/2 of said Section 33, and authorizing InterCoast to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the InterCoast in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR

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Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR INTERCOAST OIL
AND GAS COMPANY

CASE 11712:

Application of InterCoast Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 33, Township 17 South, Range 29 East in the following described manner: S/2 for all formations developed on 320-acre spacing, the SE/4 for all formations developed on 160-acre spacing; the N/2 SE/4 for all formations developed on 80-acre spacing, and the NW/4 SE/4 for all formations developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its Bear Grass Draw No. 33-1 Well to be drilled to the Morrow formation, at a standard location 1980 feet from the South line and 1650 feet from the East line of said Section 33. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately ___ miles _____ of _____, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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December 31, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

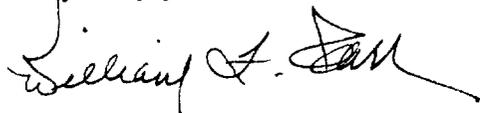
11912

Re: Application of InterCoast Oil and Gas Company for Compulsory Pooling,
Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is an Application of InterCoast Oil and Gas Company in the above-referenced case as well as a copy of a legal advertisement. InterCoast Oil and Gas Company respectfully requests that this matter be placed on the docket for the January 23, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Rick Deffenbaugh (w/enclosures)
InterCoast Oil and Gas Company